

1099-R Entry Variations

Note: If no amount or zero is entered in box 2 of TaxWise® 1099R, the box will become red and lines 1 and 5 of the *Exclusion Worksheet* will become red. This indicates that there is a required entry in the *Exclusion Worksheet* or the Simplified Method.

A. Example 1 (most common)—An amount is entered in box 1, box 2a is blank or the same amount as box 1, the distribution code in box 7 is [7], and nothing is entered in boxes 5 or 9b.

- The amount in box 1 is fully taxable. TaxWise® will transfer the amount in box 1 to Form 1040 page 1, line 16b. Nothing has to be entered in box 2; use the estimate function to remove red.

B. Example 2—An amount is entered in box 1, box 2a is blank, the distribution code is [7], and an amount is entered in box 9b.

- The Simplified Method section will have to be completed to determine the amount in box 9b that will be tax free. TaxWise® will automatically deduct this amount from the amount in box 1 and enter the result on Form 1040 page 1, line 16b. See 4012, Partially Taxable-Simplified Method.
- Do not make an entry to box 2 of Form 1099-R.

C. Example 3—An amount is entered in box 1 and the taxable amount (other than zero) is entered in box 2a with a distribution code of [7]. There may or may not be an entry in box 5. Generally, the amount in box 2a is [box 1 minus the amount in box 5].

- The payer has made things easy by providing the taxable amount. TaxWise® will enter the taxable amount on Form 1040 page 1, line 16b.

D. Example 4—An amount is entered in box 1, box 2a is blank or zero, an amount is in box 5, and the distribution code is [7].

- Except in the case of a CSA 1099-R, the amount in box 5 should be nontaxable and therefore should be subtracted from line 1 and the result entered on Form 1040 page 1, line 16b. The tax preparer must ascertain from the taxpayer what amount should be nontaxable. In the TaxWise® 1099-R form, enter the tax-exempt amount on line 5 of the *Exclusion Worksheet*. (The *Exclusion Worksheet* is located just below the primary 1099-R form.) TaxWise® will subtract the amount from line 1 and enter the result on Form 1040 page 1, line 16b.

E. Example 5—An amount is entered in box 1, box 2a is blank or zero, the “Taxable amount not determined” is NOT checked, and the distribution code is [7]. If this is a disability pension for an on-the-job injury, and the taxpayer believes it is not taxable, enter the amount from Box 1 on Line 5 of the Exclusion.

Social Security Lump Sum Distribution on Form SSA-1099 (if distribution causes a taxable liability).

Step 1-Enter Box 5 total in the Social Security received this year line on 1040 Wkt 1

Step 2-Calculate amount paid for current tax year by subtracting prior years from box 5 benefits

Step 3-Enter amount received for the current year for both spouses in appropriate box at bottom of worksheet

Step 4-Link to Lump Sum Wkt from line, “amounts taxable from previous years”

Step 5-Enter pertinent prior year at top of Lump Sum Wkt (eg, 2012) and check appropriate marital status for that year

Step 6-On line 1, enter amount of benefits received in prior year for both spouses and amount for prior year received in current year

Step 7-On line 3, enter AGI for prior year

Step 8-On lines 4 and 5, enter adjustments/exclusions and tax exempt interest amounts for prior year

Step 9-On line 7, enter taxable benefits reported on the tax return for the earlier years.

Step 10-Close worksheet; repeat steps 4-9 for additional prior years